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C O N F I D E N T I A L SECTION 01 OF 03 ACCRA 000355

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E.O. 12958: DECL: 02/02/2016
TAGS: [ECON](#) [GH](#) [PGOV](#) [PREL](#)
SUBJECT: GHANA AND KUFUOR II: IT'S BEEN A SLOW YEAR

REF: ACCRA 345

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Classified By: PolChief Scott B. Ticknor for reasons 1.5 d and e.

¶1. (C) The first year of President Kufuor's second term brought achievements in management of the economy and in Ghana's growing international role. However, it was also marked by growing inertia and confrontation. Major distractions included repeated corruption allegations and competition among Cabinet members to be the NPP's presidential candidate in 2008. Political tensions are high in a debate over passage of the Representation of the People (Amendment) bill, which would allow Ghanaian citizens residing abroad the right to vote. We need to help Ghana regain momentum. End summary.

2005 in Retrospect: Some Achievements

¶2. (SBU) President John Kufuor completed the first year of his second term and his fifth year in office on January 7, ¶2006. His most significant achievement in this year is no doubt Ghana's buoyant economy. Sound policies, including halting progress on petroleum deregulation, have been bolstered by significant debt relief, record inflows of donor funds and remittances, and good cocoa and gold prices. Reforms boosted tax receipts, there was significant road construction, and the GOG's budget was relatively investment-friendly.

¶3. (SBU) Kufuor also used the year to further strengthen Ghana's international prestige. He is rightly proud of Ghana's position as the first country to submit itself to the African Peer Review Mechanism, (which cited many areas for improving governance), although the GOG's plans for follow-up and implementation are unclear. In 2005, Ghana gained membership to the board of the International Atomic Energy Agency and a non-permanent seat on the UN Security Council, and continued its (sometimes quiet) role in reducing regional conflict. Kufuor narrated a Discovery Channel program to promote Ghana and traveled extensively overseas.

But A Growing Sense of Inertia

¶4. (C) Nonetheless, the President's focus was on consolidating his legacy, not on bold initiatives. He spent much of the year distracted by corruption allegations, including allegations against him and his staff, and responding to heightened media and civil society concerns

about corruption. With the exception of bills on trafficking in persons and petroleum deregulation, parliament made little progress on domestic legislation over the past year. Kufuor's candidate for NPP chairman lost in this year's internal party election and there is growing tension within the NPP and among the reputed 13 contenders who have emerged for the NPP presidential ticket, most of whom are in the Cabinet. There has been no progress in resolving the ethnic conflict in Dagbon, in the Northern Region. The GOG has made little progress on privatization (and in some ways seems to be backtracking), or financial or public sector reform. Many donors are frustrated over the failure of the government to prioritize or provide clear direction in implementing development policies and strategies. In some areas, social services have deteriorated.

And Confrontation

15. (C) President Kufuor and the NPP appear determined to pass the Representation of the People (Amendment) bill, which will give the franchise to Ghanaian citizens residing abroad. Referring to this law, Minority Leader Albin Bagbin told the media after the President's State of the Nation speech, "If he wants to plunge the country into chaos so be it!" There is no spirit of compromise on this issue. A coalition of opposition leaders met with PolChief on January 30 to outline their concerns about the bill. They question how the bill will define Ghanaian citizenship, and doubt the voting can be credibly organized overseas. They question the priority of funding overseas voting and worry that expatriate voters may use law suits to force the Electoral Commission to implement the bill even without adequate oversight provisions. Fundamentally, they suspect the GOG plans to rig an overseas voting process managed by its Embassies abroad. They predict social unrest over the next few years if the majority NPP

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pushes the bill through parliament, which in their view it appears determined to do without dialogue.

16. (C) The Minister of Parliament and Majority leader Felix Owusu Adjapong told PolChief on January 31 that there was no compromising on this bill, which he claimed former President Rawlings had once supported. The threats of violence by the opposition were not credible and exposed them as "terrorists, like Bin Laden," he said. He conceded they could use parliamentary procedures to oppose the bill, but "I'm not going to make it easy for them." Minister of Interior Papa Owusu Ankomah, who introduced the bill when he was Attorney General, told PolChief the bill would pass and the opposition was not in a compromising mood. NPP National Organizer Lord Commey told PolChief on February 2 that he personally opposed the bill because the NPP was not organized to win in overseas balloting. However, the Majority leader was determined to pass it, in response to demands over the years from expatriate Ghanaians who feel their remittances to Ghana should entitle them to exert their constitutional right to vote. Commey criticized the President's authoritarian style on this and other issues and was worried the NPP party is losing support because the GOG has not met expectations on many issues. While he predicted the NDC would oppose the People's Representation bill with demonstrations on the streets, he did not believe the average Ghanaian cares much about the controversy.

NDC in Disarray

17. (C) Kufuor may benefit from disarray within the opposition NDC, which lacks votes to get its way in parliament. The NDC suffered internal party divisions following a contentious party congress in December. NDC leaders have long claimed there is anger within their ranks and they are deeply suspicious of the government. It remains to be seen whether they and other opposition parties have the

ability to rally large numbers against the Representation of the People's bill or whether they will become violent. Over the past year, NDC rallies have been small-scale and peaceful. For the moment, the opposition is limiting itself to disruptive language in parliament and to legal action. On February 6, the Fast Track High Court dismissed an NDC injunction which argued the bill should be rejected because it is being discussed more than the stipulated three months after being introduced.

Comment

18. (C) Heading into 2006, Ghana remains a stable democracy with solid economic performance and a strong regional leadership position. Kufuor clearly sees the expected signing of the Millennium Challenge Account compact as one of his major achievements for the coming year (his mention of MCA got loud cheers during his State of the Nation speech.) We had hoped Kufuor would use the honeymoon period of this fifth year in office -- following a good election and benefiting from significant debt relief -- to move aggressively forward on reducing poverty and fighting corruption. Instead we have seen greater centralization of power, slow movement on many reforms, and a degree of complacency. Despite the GOG's impressive macroeconomic performance, most Ghanaians have not seen a change in their level of poverty. There are persistent rumors that the President might reshuffle his Cabinet, which could help him refocus. We need to help Ghana regain momentum. Otherwise, the coming year could very well be a repeat of 2005, with political distractions and confrontation undermining Ghana's economic and democratic achievements.

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